This substitute check would be the legal equivalent of the original check. It would include all the information, as I said, contained in the original check, the imaging on the front, the imaging on the back, including the signature, and then especially the machine-readable numbers that are normally at the bottom of your check. They can be processed just like original checks. The bank would not need to invest in any new technology or otherwise change its current check processing system unless it chooses to do so.

As was mentioned earlier, consumers will benefit in multiple ways. But the most important, I believe, is the efficiency of the system. Consumer protections are important as well. Consumers can keep that canceled check in their own records. It will also be kept at easy access in the financial institution, the same check. You do not have to chase down one canceled check.

So this is a win, really, for everyone involved. I am pleased to have been the sponsor of the bill in the House. I am pleased to have worked with everyone as part of this process. As we learned during the time where all the planes were grounded after September 11, it was very important for us to move forward because our financial system was pretty much stopped in its tracks when planes could not fly these canceled checks around the country. It is important for us to move forward. I am pleased we have the technology, and I am pleased that this Congress has recognized our responsibility to make this system much more efficient.

Mr. FORD. Mr. Speaker, I yield myself 1 minute.

Not having any other speakers, I do not know if the gentleman from Massachusetts (Mr. FRANK) is still on the floor, but I want to thank him again for his leadership on this legislation and the ease which I think all of the committee finds in working with him; and reiterate again, to the gentleman from Alabama (Chairman BACHUS), to thank him; and to Jeanne Roslanowick and Jaime Lizarraga and Ken Swab and Erika Jeffers, with whom I attended law school; and Lawranne Stewart; and, of course, Kevin MacMillan and Hugh Halpern; and the rest of the team on the other side, Carter and Dina and Bob; thank you as well. It was a pleasure to work with all of you, I know, on behalf of Scott Keefer and Luke Iglehart; also on my staff, who worked closely with them.

This is a good bill. I hope my colleagues see fit to support it. All of the benefits have been touted. I thank the gentlewoman from Pennsylvania (Ms. HART) again for her hard work, and I thank the gentleman from New Jersey (Mr. FERGUSON) again for his initiating this legislation.

With that being said and there are no other speakers on our side, I yield back the balance of my time.

Mr. OXLEY. Mr. Speaker, I yield myself such time as I may consume.

Just in closing, let me say, this is indeed I think a classic example of how the legislative process ought to work around here. This was an interesting exercise because it was in this case the recognition that the technology was out there to make our banking system far more efficient instead of flying all of these checks all around. Unfortunately, it was the terrible incident of 9–11 that really made us realize how fragile that system is and how we can change it for the better.

I had an opportunity to visit NCR, one of our fine Ohio corporations, a couple of years ago to actually see that technology and see how it could work; and that became really the germ behind the bill that we have before us today. It was some of the newer Members, the gentlewoman from Pennsylvania (Ms. HART) and the gentleman from Tennessee (Mr. FORD), who really took the bull by the horns and moved this legislation through. I owe a great deal of thanks to them for their hard work and tenacity in putting this bill together.

Somebody once said that when a great athlete is recognized as great, he makes things look easy. I am not referring to the gentleman from Tennessee (Mr. FORD), by the way. But when a great athlete like Sammy Sosa or somebody, they say they make it look easy and indeed, these folks made it look easy; and we are now on the verge of passing this legislation and sending it to the President. I think it is a proud day for the committee and those who were involved; the staff, who have been adequately thanked for their work, as well as the Members.

□ 1100

Mr. Speaker, I have no further speakers, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

PENSION FUNDING EQUITY ACT OF 2003

Mr. BOEHNER. Mr. Speaker, pursuant to the prior order of the House of October 7, 2003, I call up the bill (H.R. 3108) to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to temporarily replace the 30-year Treasury rate with a rate based on long-term corporate bonds for certain pension plan funding requirements and other provisions, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. SIMMONS). Pursuant to the order of the House of Tuesday, October 7, 2003, the bill is considered read for amendment.

The text of H.R. 3108 is as follows:

H.R. 3108

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Pension Funding Equity Act of 2003''.

SEC. 2. FINDINGS; SENSE OF CONGRESS.

(a) FINDINGS.—The Congress finds the following:

(1) The defined benefit pension system has recently experienced severe difficulties due to an unprecedented economic climate of low interest rates, market losses, and an increased number of retirees.

(2) The discontinuation of the issuance of 30-year Treasury securities has made the interest rate on such securities an inappropriate and inaccurate benchmark for measuring pension liabilities.

(3) Using the current 30-year Treasury bond interest rate has artificially inflated pension liabilities and therefore adversely affected both employers offering defined benefit pension plans and working families who rely on the safe and secure benefits that these plans provide.

(4) There is consensus among pension experts that an interest rate based on long-term, conservative corporate bonds would provide a more accurate benchmark for measuring pension plan liabilities.

(5) A temporary replacement for the 30-year Treasury bond interest rate should be enacted while the Congress evaluates permanent and comprehensive funding reforms.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the Congress must ensure the financial health of the defined benefit pension system by working to promptly implement—

(1) a permanent replacement for the pension discount rate used for defined benefit pension plan calculations, and

(2) comprehensive funding reforms aimed at achieving accurate and sound pension funding to enhance retirement security for workers who rely on defined pension plan benefits, to reduce the volatility of contributions, to provide plan sponsors with predictability for plan contributions, and to ensure adequate disclosures for plan participants in the case of underfunded pension plans.

SEC. 3. TEMPORARY REPLACEMENT OF 30-YEAR TREASURY RATE.

(a) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) DETERMINATION OF PERMISSIBLE RANGE.—

(A) IN GENERAL.—Clause (ii) of section 302(b)(5)(B) of the Employee Retirement Income Security Act of 1974 is amended by redesignating subclause (II) as subclause (III) and by inserting after subclause (I) the following new subclause:

''(II) SPECIAL RULE FOR YEARS 2004 AND 2005.—In the case of plan years beginning after December 31, 2003, and before January 1, 2006, the term 'permissible range' means a rate of interest which is not above, and not more than 10 percent below, the weighted average of the rates of interest on amounts conservatively invested in long-term corporate bonds during the 4-year period ending on the last day before the beginning of the plan year. Such rates shall be determined by the Secretary on the basis of one or more indices selected periodically by the Secretary, and the Secretary shall make the permissible range publicly available.''.

(B) SECRETARIAL AUTHORITY.—Subclause (III) of section 302(b)(5)(B)(ii) of such Act, as redesignated by subparagraph (A), is amended—

(i) by inserting ''or (II)'' after ''subclause (I)'' the first place it appears, and

(ii) by striking ''subclause (I)'' the second place it appears and inserting ''such subclause''.

(C) CONFORMING AMENDMENT.—Subclause (I) of section 302(b)(5)(B)(ii) of such Act is amended by inserting ''or (III)'' after ''subclause (II)''.

(2) DETERMINATION OF CURRENT LIABILITY.—Clause (i) of section 302(d)(7)(C) of such Act is amended by adding at the end the following new subclause:

''(IV) SPECIAL RULE FOR 2004 AND 2005.—For plan years beginning in 2004 or 2005, notwithstanding subclause (I), the rate of interest used to determine current liability under this subsection shall be the rate of interest under subsection (b)(5).''.

(3) PBGC.—Clause (iii) of section 4006(a)(3)(E) of such Act is amended by adding at the end the following new subclause:

''(V) In the case of plan years beginning after December 31, 2003, and before January 1, 2006, the annual yield taken into account under subclause (II) shall be the annual yield determined by the Secretary of the Treasury on amounts conservatively invested in long-term corporate bonds for the month preceding the month in which the plan year begins. For purposes of the preceding sentence, the Secretary of the Treasury shall determine such yield on the basis of one or more indices selected periodically by the Secretary, and the Secretary shall make such yield publicly available.''.

(b) INTERNAL REVENUE CODE OF 1986.—

(1) DETERMINATION OF PERMISSIBLE RANGE.—

(A) IN GENERAL.—Clause (ii) of section 412(b)(5)(B) of the Internal Revenue Code of 1986 is amended by redesignating subclause (II) as subclause (III) and by inserting after subclause (I) the following new subclause:

''(II) SPECIAL RULE FOR YEARS 2004 AND 2005.—In the case of plan years beginning after December 31, 2003, and before January 1, 2006, the term 'permissible range' means a rate of interest which is not above, and not more than 10 percent below, the weighted average of the rates of interest on amounts conservatively invested in long-term corporate bonds during the 4-year period ending on the last day before the beginning of the plan year. Such rates shall be determined by the Secretary on the basis of one or more indices selected periodically by the Secretary, and the Secretary shall make the permissible range publicly available.''.

(B) SECRETARIAL AUTHORITY.—Subclause (III) of section 412(b)(5)(B)(ii) of such Code, as redesignated by subparagraph (A), is amended—

(i) by inserting ''or (II)'' after ''subclause (I)'' the first place it appears, and

(ii) by striking ''subclause (I)'' the second place it appears and inserting ''such subclause''.

(C) CONFORMING AMENDMENT.—Subclause (I) of section 412(b)(5)(B)(ii) of such Code is amended by inserting ''or (III)'' after ''subclause (II)''.

(2) DETERMINATION OF CURRENT LIABILITY.—Clause (i) of section 412(l)(7)(C) of such Code is amended by adding at the end the following new subclause:

''(IV) SPECIAL RULE FOR 2004 AND 2005.—For plan years beginning in 2004 or 2005, notwithstanding subclause (I), the rate of interest used to determine current liability under this subsection shall be the rate of interest under subsection (b)(5).''.

(3) CONFORMING AMENDMENT.—Section 415(b)(2)(E)(ii) of such Code is amended by inserting before the period at the end '', except that in the case of years beginning in 2004 or 2005, '5.5 percent' shall be substituted for '5 percent' in clause (i)''.

(c) PROVISIONS RELATING TO PLAN AMENDMENTS.—

(1) IN GENERAL.—If this subsection applies to any plan or annuity contract amendment—

(A) such plan or contract shall be treated as being operated in accordance with the terms of the plan or contract during the period described in paragraph (2)(B)(i), and

(B) except as provided by the Secretary of the Treasury, such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g) of the Employee Retirement Income Security Act of 1974 by reason of such amendment.

(2) AMENDMENTS TO WHICH SECTION APPLIES.—

(A) IN GENERAL.—This subsection shall apply to any amendment to any plan or annuity contract which is made—

(i) pursuant to any amendment made by this section, and

(ii) on or before the last day of the first plan year beginning on or after January 1, 2006.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting ''2008'' for ''2006''.

(B) CONDITIONS.—This subsection shall not apply to any plan or annuity contract amendment unless—

(i) during the period beginning on the date the amendment described in subparagraph (A)(i) takes effect and ending on the date described in subparagraph (A)(ii) (or, if earlier, the date the plan or contract amendment is adopted), the plan or contract is operated as if such plan or contract amendment were in effect; and

(ii) such plan or contract amendment applies retroactively for such period.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to years beginning after December 31, 2003.

(2) LOOKBACK RULES.—For purposes of applying subsections (l)(9)(B)(ii) and (m)(1) of section 412 of the Internal Revenue Code of 1986 and subsections (d)(9)(B)(ii) and (e)(1) of section 302 of the Employee Retirement Income Security Act of 1974 to plan years beginning after December 31, 2003, the amendments made by this section may be applied as if such amendments had been in effect for all years beginning before such date.

(3) NO REDUCTION REQUIRED.—In the case of any participant or beneficiary, the amount payable under any form of benefit subject to section 417(e)(3) of the Internal Revenue Code of 1986 shall not be required to be reduced below the amount determined as of the last day of the last plan year beginning before January 1, 2004, merely because of the amendments made by subsection (b)(3).

The SPEAKER pro tempore. The amendment designated in the previous order of the House is adopted.

The text of the amendment in the nature of a substitute is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Pension Funding Equity Act of 2003''.

SEC. 2. FINDINGS; SENSE OF CONGRESS.

(a) FINDINGS.—The Congress finds the following:

(1) The defined benefit pension system has recently experienced severe difficulties due to an unprecedented economic climate of low interest rates, market losses, and an increased number of retirees.

(2) The discontinuation of the issuance of 30-year Treasury securities has made the interest rate on such securities an inappropriate and inaccurate benchmark for measuring pension liabilities.

(3) Using the current 30-year Treasury bond interest rate has artificially inflated pension liabilities and therefore adversely affected both employers offering defined benefit pension plans and working families who rely on the safe and secure benefits that these plans provide.

(4) There is consensus among pension experts that an interest rate based on long-term, conservative corporate bonds would provide a more accurate benchmark for measuring pension plan liabilities.

(5) A temporary replacement for the 30-year Treasury bond interest rate should be enacted while the Congress evaluates permanent and comprehensive funding reforms.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the Congress must ensure the financial health of the defined benefit pension system by working to promptly implement—

(1) a permanent replacement for the pension discount rate used for defined benefit pension plan calculations, and

(2) comprehensive funding reforms aimed at achieving accurate and sound pension funding to enhance retirement security for workers who rely on defined pension plan benefits, to reduce the volatility of contributions, to provide plan sponsors with predictability for plan contributions, and to ensure adequate disclosures for plan participants in the case of underfunded pension plans.

SEC. 3. TEMPORARY REPLACEMENT OF 30-YEAR TREASURY RATE.

(a) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) DETERMINATION OF PERMISSIBLE RANGE.—

(A) IN GENERAL.—Clause (ii) of section 302(b)(5)(B) of the Employee Retirement Income Security Act of 1974 is amended by redesignating subclause (II) as subclause (III) and by inserting after subclause (I) the following new subclause:

''(II) SPECIAL RULE FOR YEARS 2004 AND 2005.—In the case of plan years beginning after December 31, 2003, and before January 1, 2006, the term 'permissible range' means a rate of interest which is not above, and not more than 10 percent below, the weighted average of the rates of interest on amounts conservatively invested in long-term corporate bonds during the 4-year period ending on the last day before the beginning of the plan year. Such rates shall be determined by the Secretary on the basis of one or more indices selected periodically by the Secretary, and the Secretary shall make the permissible range publicly available.''.

(B) SECRETARIAL AUTHORITY.—Subclause (III) of section 302(b)(5)(B)(ii) of such Act, as redesignated by subparagraph (A), is amended—

(i) by inserting ''or (II)'' after ''subclause (I)'' the first place it appears, and

(ii) by striking ''subclause (I)'' the second place it appears and inserting ''such subclause''.

(C) CONFORMING AMENDMENT.—Subclause (I) of section 302(b)(5)(B)(ii) of such Act is amended by inserting ''or (III)'' after ''subclause (II)''.

(2) DETERMINATION OF CURRENT LIABILITY.—Clause (i) of section 302(d)(7)(C) of such Act is amended by adding at the end the following new subclause:

''(IV) SPECIAL RULE FOR 2004 AND 2005.—For plan years beginning in 2004 or 2005, notwithstanding subclause (I), the rate of interest used to determine current liability under this subsection shall be the rate of interest under subsection (b)(5).''.

(3) PBGC.—Clause (iii) of section 4006(a)(3)(E) of such Act is amended by adding at the end the following new subclause:

''(V) In the case of plan years beginning after December 31, 2003, and before January 1, 2006, the annual yield taken into account under subclause (II) shall be the annual yield determined by the Secretary of the Treasury on amounts conservatively invested in long-term corporate bonds for the month preceding the month in which the plan year begins. For purposes of the preceding sentence, the Secretary of the Treasury shall determine such yield on the basis of one or more indices selected periodically by the Secretary, and the Secretary shall make such yield publicly available.''.

(b) INTERNAL REVENUE CODE OF 1986.—

(1) DETERMINATION OF PERMISSIBLE RANGE.—

(A) IN GENERAL.—Clause (ii) of section 412(b)(5)(B) of the Internal Revenue Code of 1986 is amended by redesignating subclause (II) as subclause (III) and by inserting after subclause (I) the following new subclause:

''(II) SPECIAL RULE FOR YEARS 2004 AND 2005.—In the case of plan years beginning after December 31, 2003, and before January 1, 2006, the term 'permissible range' means a rate of interest which is not above, and not more than 10 percent below, the weighted average of the rates of interest on amounts conservatively invested in long-term corporate bonds during the 4-year period ending on the last day before the beginning of the plan year. Such rates shall be determined by the Secretary on the basis of one or more indices selected periodically by the Secretary, and the Secretary shall make the permissible range publicly available.''.

(B) SECRETARIAL AUTHORITY.—Subclause (III) of section 412(b)(5)(B)(ii) of such Code, as redesignated by subparagraph (A), is amended—

(i) by inserting ''or (II)'' after ''subclause (I)'' the first place it appears, and

(ii) by striking ''subclause (I)'' the second place it appears and inserting ''such subclause''.

(C) CONFORMING AMENDMENT.—Subclause (I) of section 412(b)(5)(B)(ii) of such Code is amended by inserting ''or (III)'' after ''subclause (II)''.

(2) DETERMINATION OF CURRENT LIABILITY.—Clause (i) of section 412(l)(7)(C) of such Code is amended by adding at the end the following new subclause:

''(IV) SPECIAL RULE FOR 2004 AND 2005.—For plan years beginning in 2004 or 2005, notwithstanding subclause (I), the rate of interest used to determine current liability under this subsection shall be the rate of interest under subsection (b)(5).''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to years beginning after December 31, 2003.

(2) LOOKBACK RULES.—For purposes of applying subsections (l)(9)(B)(ii) and (m)(1) of section 412 of the Internal Revenue Code of 1986 and subsections (d)(9)(B)(ii) and (e)(1) of section 302 of the Employee Retirement Income Security Act of 1974 to plan years beginning after December 31, 2003, the amendments made by this section may be applied as if such amendments had been in effect for all years beginning before such date.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. BOEHNER), the gentleman from California (Mr. GEORGE MILLER), the gentleman from California (Mr. THOMAS), and the gentleman from Michigan (Mr. LEVIN), each will control 15 minutes.

The Chair recognizes the gentleman from Ohio (Mr. BOEHNER).

GENERAL LEAVE

Mr. BOEHNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3108.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BOEHNER. Mr. Speaker, it was my understanding that the Committee on Ways and Means would control the first 30 minutes of debate on H.R. 3108, but considering that the chairman is not here as yet, let me, under my 15 minutes, yield myself such time as I may consume.

Mr. Speaker, we have a pension underfunding crisis in this country; and it has significant implications on the retirement security of the American workers. This chronic underfunding crisis we face among traditional defined benefit pension plans, the type that guarantees workers a set monthly benefit when they retire, is jeopardizing the pension benefits of millions of American workers who have worked all their lives for a safe and secure retirement.

The committee hearings we have conducted on this issue, which have included a joint hearing with the Committee on Ways and Means, demonstrated the critical nature of this problem and the need for a solution that will give workers a renewed sense of confidence that their pension savings are on a sound financial footing. This is precisely why I was joined by the gentleman from California (Mr. THOMAS), the gentleman from California (Mr. GEORGE MILLER), the gentleman from New York (Mr. RANGEL), the gentleman from Texas (Mr. JOHNSON), who chairs our subcommittee, and the gentleman from Ohio (Mr. PORTMAN), my good friend and colleague, in producing legislation to address this underfunding problem.

The Pension Funding Equity Act, the bipartisan bill to be considered today, would protect the retirement benefits of millions of American workers in the short term while committing Congress to immediately proceed with efforts to identify permanent long-term solutions to this underfunding crisis.

This underfunding crisis has manifested itself in several ways. The termination of large underfunded pension plans in the steel and airlines industries, for example, has led to growing anxieties about the financial condition of the Federal Pension Benefit Guarantee Corporation and its ability to ensure the pension benefits of American workers across the country. Those concerns were sufficient to lead the General Accounting Office in July to include the PBGC on its list of high-risk programs that require increased Federal scrutiny because the PBGC's mounting deficit had grown to $5.7 billion, the largest in history.

To make matters worse, the PBGC recently announced that there are some $80 billion in unfunded pension benefits looming on the horizon among financially weak companies, pension benefits that may ultimately have to be paid by the PBGC; and this poses a serious question of whether a taxpayer bailout of the PBGC would be necessary if the alarming trend of underfunded pension plans and company plan failures continue.

One of the several reasons that defined benefit plans are in financial jeopardy is because the interest rate used by employers to calculate the amount of money they must set aside in their employee pension plans, the interest rate on the now discontinued 30-year Treasury bonds, has been at artificially low levels, therefore, inflating plan funding liabilities.

Congress enacted a temporary fix in March of 2002 by allowing employers to use a higher interest rate. But because this fix expires at the end of 2003, there is an urgency on the part of employers, unions, and workers to address this issue because of a growing consensus that this problem is putting the pension benefits of American workers at risk.

The bipartisan Pension Funding Equity Act represents a responsible short-term approach that would replace the 30-year Treasury interest rate with a blend of corporate bond index rates for 2 years through 2005. If Congress fails to provide a pension funding solution by the end of 2003, the benefits of millions of workers could be jeopardized.

Strengthening the funding of defined benefit pension plans in the short term will reduce the likelihood that the PBGC will have to step in and pay benefits to underfunded plans. Moreover, employers who are making major short-term financial decisions need greater certainty to make key decisions about how to allocate scarce resources. Doing nothing could jeopardize employers' willingness to continue the defined benefit programs that provide stable and secure pension benefits to workers during retirement.

The act before us today would help ensure the financial integrity of America's defined benefit plans in the short term while Congress takes a broader look at the defined benefit system and considers permanent solutions to the pension underfunding problems that are jeopardizing the retirement security of America's working families.

I again want to thank my colleagues, the gentleman from California (Mr. THOMAS), the gentleman from California (Mr. GEORGE MILLER), the gentleman from New York (Mr. RANGEL), the gentleman from Texas (Mr. JOHNSON) and the gentleman from Ohio (Mr. PORTMAN) for working together in a bipartisan manner on this bill. I look forward to continuing to work with them and the administration as we move ahead, and I urge my colleagues to support the bill we have before us.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

(Mr. GEORGE MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. GEORGE MILLER of California. Mr. Speaker, I rise in support of H.R.

3108, the Pension Funding Equity Act. This bill provides short-term relief to avert what otherwise might be an imminent pension crisis for American businesses and workers.

I want to thank the cooperation of the gentleman from Ohio (Mr. BOEHNER) for his work on this committee, the gentleman from California (Mr. THOMAS) and the gentleman from Michigan (Mr. LEVIN) and others for their support of this effort.

Pension plan funding requirements are tied to projected rates of investment return based upon 30-year Treasury note bills. In 2000, when the U.S. was running a budget surplus, the Clinton administration decided to retire the 30-year note. For that reason, we are now inserting that rate.

We expect the new Treasury rate to be slightly higher than the current rate, a rate which also will give employers a significant amount of pension funding relief in the midst of what remains a weak economy. Even though the additional pension fund flexibility will result in reduced pension funding for 2 years, it is our expectation that American businesses will use this time to shore up the resources and not terminate or default on their long-term pension promises.

During this time the Bush administration and the Congress must seriously consider a broader array of pension funding retirement security reforms that will more permanently protect and secure the retirement promises made to millions of American workers and retirees.

The threats to our long-term retirement security are real and they are severe. Workers are justifiably scared about their retirement security. The Bush administration and the Congress have done very little to protect workers' pensions and, in fact, they sometimes have acted to undermine retirement security. As soon as Congress passes this bill we need to start the hard work of meaningfully safeguarding workers' pensions.

The crisis we address today is not new. In fact, for over a year the Bush administration repeatedly ignored our urgent request to wake up to the serious problems of pension underfunding. I wrote the administration in July of 2002 to take action when pension deficits skyrocketed from $26 billion to over $100 billion. It failed to act.

Now, over a year later, the problem is substantially worse. The Pension Benefit Guarantee Corporation now says that pension plans are $400 billion in the red nationally and the largest liability in history and that PBGC itself is reporting a $5.7 billion deficit as of July 31.

The General Accounting Office is so concerned that it has placed PBGC on its list of Federal programs that are at high risk of failure. The administration and Congress' failure to take decisive action on pensions, their failed economic policies and neglect of our manufacturing industries and the failure of some companies to honestly estimate their pension liabilities have together precipitated one of the largest underfunding of private pensions in history.

Today, hard-working Americans are taking it on the chin. Over 3 million private sector job workers have lost their jobs since 2001, and many of those jobs will not return. Workers in manufacturing sectors see their jobs vanish overseas and their industries ignored by this administration's economic policies.

Working families have already lost billions of dollars in irreplaceable life savings in their 401(k) plans as the stock market crumbled and corporate abuse ran rampant.

The pensions of millions of Americans are threatened by the administration's ''cash balance'' plan proposal and may cost older workers up to half of their expected pension benefits.

Today we see shenanigans in the mutual fund industry where so many millions of Americans have parked their pension fund share savings plans to secure their future retirement. We now see inside trading, trading by the big boys and sending the cost to those families that have put their money in many of these mutual funds. Some of the biggest companies that PBGC has taken over and put on the pension watch list have been able to exploit pension rules riddled with loopholes and escape hatches. Over the past few years companies have been permitted to publish their annual reports, rosy financial pictures about their pensions, while at the same time running plans into the ground through reductions and freezes on pension contribution.

Conflicts between company management's push for the bottom line and the plan's obligation to protect participants and workers clearly compromise safe and sound pension practices at many companies.

Worse still, current law allows the plan's real financial condition to be kept secret from the workers and investors. This failure of accountability and transparency has eerie similarities to the Enron Corporation and the debacle of that corporation when its CEOs and its executives kept secret the status of the public health plan from the employees while they jumped ship and rank and file were left to do the best they could.

The gentleman from Texas (Mr. DOGGETT) and I have introduced legislation to open up those reports, referred to as the 4010 forms, to public scrutiny. There must be transparency and accountability for billions of dollars promised to hard-working employees. The administration now says it supports this publication of these secret reports, but the Congress so far has yet to join in the effort and ask for their publication.

The administration must get serious about pension reform. The retirement security of millions of Americans depends upon timely actions. What we do here today is important to provide this relief. Hopefully, the companies will use this as the opportunity to shore up their pension obligations. But we must understand that the American people's anxiety about the future of the retirement security is highly justified in light of this administration's and Congress's failure to seriously address the problems in our pension system.

We look forward to using this opportunity to make sure that we can address those pension concerns of the American workers in the 2 years time that this legislation buys us.

I am heightened in my expectations by the discussion that we had in our Committee on Education and the Workforce where the chairman said that he wanted to use this time to do an in-depth look at the current pension system and come up with remedies that are necessary to secure that system both for the employers and for the employees. I hope that we use that time wisely, and I would ask that my colleagues support this legislation.

Mr. Speaker, I yield my remaining time to the gentleman from Michigan (Mr. LEVIN).

□ 1115

Mr. PORTMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 3108, the Pension Funding Equity Act before us. And I do so because of the very concerns that were just raised by my colleague from California (Mr. GEORGE MILLER) and that is this will strengthen and define benefit plans in this country.

I will remind the gentleman that this Congress did pass, the House passed legislation after the Enron scandal to be sure that workers indeed had more options for diversification and to further protect those who are in 401(k)s and in plans like the Enron plan. That legislation is currently in the other body, but we do hope we can act on that yet this year.

I also would agree with the gentleman that we need to go even further with regard to looking at the defined benefit area. That includes looking at the funding rules. It obviously includes looking at the issue of what the discount rate ought to be. Today, we have before us a short-term fix for that problem, but it is only for 2 years. It also means we need to look, I believe, at other issues connected with pension accounting and with PBGC, the Pension Benefit Guarantee Corporation.

But having said all that, the bill before us today is necessary, and it is very important. We need to put this in a little perspective, I think. First, there is no mandate for American businesses to offer pension plans, whether it is a 401(k) or other defined contribution plan or whether it is a defined benefit plan, such as those we are talking about today. Those guaranteed defined benefit plans, of course, are traditionally viewed as the most secure pension plans, and there are millions of Americans who depend on them, not as many as they used to be.

Mr. Speaker, in fact, over the past 18 years, we have gone from 114,000 plans insured by the PBGC, the Pension Benefit Guarantee Corporation, ultimately by the taxpayer, to today where we have roughly 32,000 plans.

In the last four years alone, we have lost over 20 percent of the contribution plans in this country that are defined benefit plans insured by PBGC. So there are not as many Americans today as there used to be depending on these plans, but I believe they are still an incredibly important part of our overall retirement security system, and we ought to do all we can here in Congress to stop the erosion of these plans.

What does that mean? Without a system that is mandated, it means we need to offer better legislative incentives and encouragements for those plan sponsors and for those employees to be in these kinds of plans.

I will also say, Mr. Speaker, that this legislation addresses one of the reasons that we have seen a reduction in plans. It also addresses one of the reasons that we are seeing, even this year, not termination of plans but freezing of plans, where there are no new participants admitted or where existing participants are not able to accrue additional benefits. There is a group out there, one of the consulting firms that does work in this area that has told me they believe up to 20 percent of the plans are currently freezing or looking to freeze or scale back benefits in the near-term; 27 percent of the plans that they work with intend to offer less generous benefits for new hires. So we have got a serious situation here, and we do need to deal with it.

Again, one of the reasons we have seen this deterioration of the defined benefit plan is because of the discount rate. I believe this was talked about earlier, but right now by using this now defunct 30-year rate, we are telling corporations they have to overfund their plans. The 30-year Treasury measurement has been discontinued, therefore, the rate is too low; and, therefore, it is not an accurate measure of what the return will be on these plans over time; therefore, companies are being asked to come up with millions of dollars, in some cases over time billions of dollars, in funds that they do not believe are necessary in order to provide adequate benefits for workers. And at a time when the economy is not doing as well as it should be, particularly in the manufacturing sector, this is a real problem.

It is very important to come up with what we view as an accurate measure for this discount rate. In other words, what rate companies have to use with regard to their contributions to their plans and with regard to the premiums they pay to PBGC. That is what this debate is about today.

I am delighted by the fact that it is a bipartisan discussion. I am delighted by the fact that we have bipartisan cosponsorship of this short-term fix for this problem. What we are saying is that instead of using this defunct 30-year Treasury measurement, which again is outdated, that instead we ought to use a more accurate measure which would be a long-term, conservatively invested corporate bond rate to be chosen by the Department of Treasury. They would choose which corporate bond conservative indexes to use. The corporate bond indices which would be chosen would not be up to us, but we would be establishing here, legislatively, that that ought to be the rate going forward.

This is a huge victory because at least now we are telling those plan sponsors out there, gee, if you want to stay in this defined benefit area or for somebody maybe who is looking to get into the defined benefit area, there will be a more accurate measure, rather than, again, forcing companies and plan sponsors to overinflate their contributions and their premium payments. Rather, it will be an accurate measure, based on something you can predict which is what is the long-term corporate bond rate, again, determined by the Treasury Department based on indices.

That is where we are today. It is extremely important that we move forward with this legislation to give companies a little bit of predictability and certainty, at least over the next two year, as to what will be their liability.

Personally, I would have strongly preferred that we would go beyond 2 years. I think 3 years was a minimum that we should have gone. But this is something we worked at, again, on a bipartisan basis, given the balancing of interests here between the PBGC, the Pension Benefit Guarantee Corporation, their liabilities and concerns, which is ultimately the taxpayer, given the concerns of the employees and having job security and having pension security because this relates to jobs, as well as pensions, given that these contributions affect the bottom line of these companies, and given the need for us to be sure that you have enough incentive to keep plan sponsors in these plans. So this is a two-year period within which we go to a better discount rate.

During that time period, it is explicit in what we are doing here today, that this Congress will be getting busy in looking at these bigger issues. And they have to do, again, with the pension funding rules, with accounting rules, working with the PBGC, working with Treasury and working with outside groups. After all, those who are making decisions as to whether to offer pensions day to day, whether to freeze or not, whether to go to some sort of a convention, perhaps to a cash balance plan, those are people we need to hear from.

Congress can come up with what we think are great ideas, but if they do not work in the real world, who gets hurt in the end? It is the employees who do not have that guaranteed benefit that is so important, such an important part of our overall retirement security plan in this country.

Mr. Speaker, I reserve the balance of my time.

Mr. LEVIN. Mr. Speaker, I yield myself such time as I may consume.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, I rise in support of this temporary solution to a very serious pension financing problem. I hope it can become law quickly.

Although this is not the permanent solution, protecting both workers and their employers that I had hoped for, it is far better than other options being considered today. If Congress does not act, starting in the next plan year, companies will have to contribute more money to their defined pension benefit plans than will likely be needed to pay their pension obligations. That will harm business and labor alike.

Businesses would be forced to lock away resources that could be used to upgrade plants, hire workers and build for the future. Workers would have to accept reduced wages or reduced future benefit pension benefits. Although this rate adjustment may seem technical to some, in reality, it is a critical part of the solution to the manufacturing and job crisis which will require more action by this Congress and by the White House than new titles for bureaucrats or encouraging speeches.

I want to remind my colleagues of just how serious the crisis is for workers and their families. Over $2 trillion in tax cuts have helped move this Nation from substantial Federal budget surpluses to huge deficits without creating jobs or overall increasing income for families. For the past 2 years, median income has dropped and poverty has risen. An average of 250,000 jobs per month were created during the Clinton administration, and in the Bush administration an average of 80,000 jobs a month are being lost. It would take us nearly a year to create enough jobs to replace the 3 million jobs lost and also account for population growth, even if we created over 500,000 jobs a month, the high under the Clinton administration.

Unfortunately, the Republican leadership in Congress and the Bush administration decided to wait and see about the economy and did not view the crisis like it was, including this pension issue. Rather than begin work on a consensus solution immediately after Congress passed a temporary fix 2 years ago, the Bush administration waited a year and a half, until the temporary rate was about to expire to unveil a controversial yield curve formula. It would disproportionately increase pension costs for already struggling manufacturing companies.

At the same time, leaders in this House initially delayed action on this matter by holding the rate correction hostage to action on an expensive and controversial package.

I hope this bipartisan action on pensions will be quickly followed by action on another bipartisan effort, the Rangel-Crane-Manzullo-Levin bill. It would provide a needed tax cut for manufacturers who produce in the United States of America. Also needed is an extension of unemployment benefits for those still out of work through no fault of their own, millions of people, and other real actions specifically targeted to help turn this economy around.

Mr. Speaker, I reserve the balance of my time.

Mr. PORTMAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. SAM JOHNSON), a distinguished member of the Committee on Ways and Means, also chair of the subcommittee of the Committee on Education and the Workforce on Employee-Employer Relations.

(Mr. SAM JOHNSON of Texas asked and was given permission to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Mr. Speaker, I appreciate the remarks of the gentleman from Ohio (Mr. PORTMAN), as well as those on the other side.

Mr. Speaker, I rise today in support of Pension Funding Equity Act. It is long past time that we act on this important issue. I have even had people today come and tell me they want to work longer, so the Pension Benefit Guaranteed Corporation, which is a taxpayer funded entity, can fund them with more money. That is wrong.

Traditional pension plans provide financial security for millions of retirees and for today's workers. However, in order for employers to provide this type of financial security, the companies that sponsor these plans need some certainty with respect to the laws that govern them.

Two years ago the Treasury Department stopped issuing the 30-year Treasury bonds. That provided the interest rate benchmark for pension plans to measure their earnings. Since then, we have provided a stop-gap interest rate, and that stop-gap law is set to expire, and we are now coming forward with another temporary solution. The issues we are dealing with are complex and with roughly $350 billion of unfunded pension promises looming over the Pension Benefit Guarantee Corporation, taxpayer funded, this is a high wire act without a safety net for American taxpayers.

I support moving forward with using the index of high-quality corporate bonds as the new benchmark to measure pension funding levels. This interest rate will better approximate what a conservatively invested pension plan is likely to earn in its portfolio. I am disappointed, however, along with the gentleman from Ohio (Mr. PORTMAN), that the bill we are debating only replaces the 30-year bond rate for purposes of determining how well-funded a pension plan is. We are continuing the fantasy of using a 30-year Treasury bond rate for purposes of determining lump-sum calculations.

The problem with ignoring the lump-sum calculations and using the defunct interest rate is that it provides a huge windfall to near-term retirees in transitional pension plans, while unjustifiably robbing everyone else in the pension plan. It also leaves gaping holes in pension funding that either must come from corporate earnings or these deficits must be turned over to the PBGC, at taxpayer expense, for payment.

□ 1130

For Congress to ignore the lump sum side of this occasion means that we are collaborating and strategically undermining pension plan funding. Again, at a time when the pension insurance program is facing $350 billion in plan underfunding, I cannot be silent. We must protect the taxpayer.

I will support this bill today in order to get it to conference with the Senate, but we must replace the 30-year Treasury bond rate, and we must do it now.

Mr. LEVIN. Mr. Speaker, I yield 7 minutes to the gentleman from Maryland (Mr. CARDIN), and I ask unanimous consent that the gentleman from Maryland (Mr. CARDIN) be able to control the remainder of the time on this side.

The SPEAKER pro tempore (Mr. LATHAM). Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CARDIN. Mr. Speaker, let me thank the gentleman from Michigan (Mr. LEVIN) for yielding me this time, and let me point out from the outset that each Member who has spoken on this particular issue I have worked with on pension reform legislation, and we have worked together to try to increase the security for retirees. We share a common objective, and that is to provide more pension security for America's workers and for all individuals.

I have many concerns about the legislation we are considering today. I feel compelled at least to mention some of these concerns.

First, I am pleased that the legislation incorporates a replacement for the 30-year Treasury, which is a corporate bond mix which was included in the Portman-Cardin legislation. The Portman-Cardin legislation, that I have worked on with my good friend from Ohio (Mr. PORTMAN), who is managing the time on the other side of the aisle, the two of us have worked together and developed a process that is not just bipartisan. It is a process that uses the procedures here about hearings and listening to all parties. It works with all stakeholders, tries to work consensus. As a result, we have been successful in enacting some very important legislation.

I regret that that process was not used in the legislation before us. It certainly does not represent a consensus among the stakeholders. So let me tell my colleagues the problems as I see in this legislation.

First, I have heard my good friend, the gentleman from Ohio (Mr. BOEHNER), and the gentleman from California (Mr. GEORGE MILLER) talk about underfunded plans; and, yes, there are underfunded defined benefit plans. There is no question about that, but using an accurate interest assumption will not make the underfunding situation worse. In fact, it will help the PBGC because it will encourage companies that are properly funded to remain in the defined benefit world. It actually helps the plans using an accurate interest assumption. So why are we afraid to enact a permanent replacement for the 30-year Treasury?

Defined benefit plans are the best security for American workers. They have guaranteed benefits that they know they will receive when they retire. They do not have to worry about the market going up or down. It is guaranteed. The company puts money on the table. It provides in almost all cases annuitant retirement so that an individual has income and is not tempted to take out their retirement in a lump sum, spend it and not have it for their own retirement needs. It is the one form of retirement that we all should be here today to try to encourage more, and as the gentleman from Ohio (Mr. PORTMAN) pointed out, we are seeing a hemorrhaging of these plans. They are terminating, they are converting, they are freezing their contributions.

So what does this bill do in order to help the situation? It provides a 2-year, and a 2-year fix only, on a 30-year Treasury that does not exist. My concern is that because it does not provide the necessary predictability to companies that have to make a decision, whether they are going to continue these plans or not, that many plans will, in fact, convert or freeze and many companies will not even look at starting defined benefit plans.

The gentleman from Michigan (Mr. LEVIN) said that we should not require companies to put more into their plans than is required. Yet, that is exactly what we are doing in many cases. So why would a company or its workers want to put too much money in a pension plan when it is only one part of a compensation package? There are so many issues dealing with adequate funding that have been left out of this bill that were included in the Portman-Cardin bill. Let me just go through some of the issues that are not included in this bill, in addition to the fact that we had a permanent replacement and this is only 2 years.

It has nothing on mortality schedules. The mortality schedules are out of date. Treasury will acknowledge the mortality schedules are out of date. There are companies that are contributing too much; there are companies that are contributing too little. And yet we are going to do nothing on the mortality schedules in this legislation. We have multi-employer plans that have been left out completely from this legislation. We have the 415 plans that are left out. These are small employers, small companies, and they are not going to get any relief under this legislation. That should have been corrected. It was in the original bill. The multi-employers are not affected by the 30-year Treasury replacement. They still have a problem. We do not deal with that.

Assets moving to take us through good times and bad times are not included in the legislation. We know that the current interest assumptions encourage individuals to take their money out in lump sum. It discriminates against annuitant retirement. Accountants will tell my colleagues that. It discriminates against annuitant retirement, and it means more money is coming out of plans than perhaps would need to and add to.

What it does is it makes the plans even more underfunded because we do not deal with the lump sum. Nothing in this legislation deals with the lump sum issues. And I think most tragically, I have heard my colleagues say, well, we are going to study these issues for the next 2 years and then come back with something. Nothing in this bill provides any study. I am just afraid 2 years from now we will be back exactly where we are today, and we will not have made the progress and we will not have taken advantage of the opportunity this year to deal with this matter in a more comprehensive way.

There is something good I can say about the bill. It does not incorporate the administration's proposal for a yield curve. I think that would have been disastrous. I am glad that is not legislation. I do agree with each of the prior speakers that this Congress has to act.

So I am going to vote in favor of the bill today. I hope that as it moves through the process the other body will show more wisdom and we will be able to have a more comprehensive bill, a longer term than just 2 years, covering more, at least a study, so that we are committed to dealing with all of these funding issues, and that we can get back on track to try to encourage companies to stick with it through defined benefit plans, because I think that is in the interest of American workers. We just do not want to see remaining this underfunded plan. We want these well-funded plans to continue to provide the benefits necessary for American workers, and I look forward to working with all my colleagues so that hopefully we can get back on track on important pension reform legislation.

Mr. PORTMAN. Mr. Speaker, will the gentleman yield?

Mr. CARDIN. I yield to the gentleman from Ohio.

Mr. PORTMAN. Mr. Speaker, I thank my good colleague from Maryland for yielding.

I want to echo the concerns he raised about this not being the more comprehensive approach that is needed. I also want to thank him for working with me and other Members on both sides of the aisle over the last 3 years in putting together more comprehensive legislation from which this corporate bond rate is taken, and that is the Portman-Cardin legislation my colleague talked about. It did go to the Committee on Ways and Means; it has not come to the floor yet. I do think we will have the opportunity to take up that legislation in the future because it does address not only some of the other issues connected with the defined benefit plans but also defined contribution plans.

Mr. CARDIN. Mr. Speaker, I reserve the balance of my time.

Mr. PORTMAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. NEAL) for purposes of a colloquy, a member of the Committee on Ways and Means.

Mr. NEAL of Massachusetts. Mr. Speaker, I have a question and perhaps an answer might clear it up for those who are still trying to sort through this legislation.

H.R. 3108, as introduced, included a provision that would have replaced the 30-year Treasury rate with a flat rate of 5.5 percent for purposes of the so-called section 415 limit. This provision was dropped in the amendment being considered today. Will this provision be considered as H.R. 3108 moves forward?

Mr. PORTMAN. Mr. Speaker, will the gentleman yield?

Mr. NEAL of Massachusetts. I yield to the gentleman from Ohio.

Mr. PORTMAN. Mr. Speaker, I would say first it is an excellent question, and he raises a concern that I also have with this legislation.

As my colleague indicated, section 415 of the Tax Code limits the maximum pension benefit that can be paid from a defined benefit plan. For 2003, that dollar limit is $160,000 annually paid in the form of a lifetime annuity. If that worker decides to take a lump sum benefit instead, this annuity, the 415 limit, would also be converted into the lump sum.

Under current law, pension plans must use the 30-year Treasury rate to convert the 415 limit into a lump sum; and of course, because the 30-year Treasury is not a good rate, as we have talked about today, and because it fluctuates a great deal, it is very difficult for businesses to determine with any amount of certainty how much money it has to set aside to pay lump sum benefits. Although volatility is never good, it is particularly problematic for small plans; and it is these 415 plans that are typically in smaller businesses.

The legislation before us, H.R. 3108, would have allowed businesses to use a flat rate of 5.5 percent to convert the 415 limit. We think that was good policy. This provision would allow businesses, particularly small ones that I know the gentleman from Massachusetts (Mr. NEAL) is concerned about, to fund their pension plans with more certainty.

That provision was dropped in this amendment being considered today because it would have had an effect on lump sum distributions, and we did make an agreement with all parties that lump sums would not be affected one way or another by this short-term 2-year change in the discount rate. So that provision would have increased the 415 limit in some circumstances and reduced it in others. So it would have affected lump sums.

Nonetheless, the provision is extremely important to small business. I appreciate the gentleman from Massachusetts (Mr. NEAL) raising it and appreciate his support. I hope we can get it back in the bill, and I believe that we can as this bill moves forward when more permanent legislation is considered.

Mr. NEAL of Massachusetts. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. PORTMAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Wisconsin (Mr. RYAN), my colleague on the Committee on Ways and Means, a distinguished Member.

Mr. RYAN of Wisconsin. Mr. Speaker, I thank the gentleman from Ohio for yielding me the time. I also thank him for all of his years of leadership on this issue. It is very, very important.

I simply want to lend my support and echo the sentiments of the gentleman from Maryland and the gentleman from Ohio on the fact that more does need to be done than what we are just doing here today. Few times have I had the opportunity to see an issue that is bipartisan, where labor and management can agree on things and come together to work for a common purpose for our country and for the workers of America. That is something that is important, and that is something that we need to advance, and that is why more needs to be done.

Multi-employer plans, mortality table rate reform, those things are important; and we need to pass legislation to do that, but this bill right here does need to pass. This bill needs to pass because this is about jobs, and I know this is pretty complicated. It is a difficult issue to get our arms around; but what it basically means is if this bill does not pass, millions of dollars, billions of dollars that are coming through corporations because of the economic recovery that is beginning, that is under way, instead of creating jobs and hiring people will go into artificial pension payments, and that is not good.

We have a recovery that we are trying to get under way. In many areas the recovery is under way. In manufacturing we still have work to do. The last thing we need to do is put a huge tax on the economic recovery of this Nation, and that is why it is important that the cash that is coming through these firms go to bringing these people back to work, expanding, buying new pieces of plant and equipment. We have all of these tax benefits that are now under way through the tax bills that we have passed to give incentives to manufacturers, to give incentives to employers to reinvest in their businesses, to expand, to rehire employees.

It would be a horrible thing if all of the sudden we allow this reform to expire, and these plans, rather than expanding, buying new plant equipment, rehiring employees, have to dump it into these artificial payments. This needs to pass so the economic recovery can continue. Then we need to get together to work on these broader reforms sooner rather than later.

I thank my colleagues for what they are doing.

Mr. CARDIN. Mr. Speaker, I yield such time as he may consume to the gentleman from North Dakota (Mr. POMEROY), my colleague on the Committee on Ways and Means.

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding me the time, and in particular, applaud him for the effort and research and expertise he has developed in this area, as well as our colleague, the gentleman from Ohio (Mr. PORTMAN). Certainly, the Portman-Cardin legislation that appears unlikely to pass this session of Congress was a bill that advanced these considerations and did so in a more thorough way than the bill before us.

I think it is important to have in perspective, really, what this is all about. Defined benefit pension plans are those retirement savings vehicles made available to employees at the workplace that give them a monthly annuity benefit every month in retirement. It is the retirement cash flow that they cannot outlive. That is what makes pensions so important. That is why, for many of us, we view pensions in the defined benefit context as a superior retirement benefit than the defined contribution 401(k) account where one saves up a little nest egg and hopes it lasts as long as they need it. The defined benefit pension plan guarantees cash flow for life.

Agreeing then on the importance of defined benefit pension plans, it is also important to really look at how we are presently regulating them to determine whether we are doing it in an appropriate way. These are voluntary plans by the employer; and if we do not regulate them correctly, the employers will drop them.

There is reason to believe something is terribly wrong with the existing regulatory system on pension plans because it is estimated by Watson Wyatt, the consulting firm, that 20 percent of defined benefit pension plans, one in five, have been frozen or canceled within the last three years alone.

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Now, that is a staggering problem, and I really regret that the administration has not seized on this as an outright emergency in terms of employee benefits. One out of five pension plans frozen in the last 3 years alone. So the economic record is not just jobs lost, it is also those who still have jobs but do not have pensions, and there are hundreds of thousands of them.

One of the reasons causing this problem is the fact that in good times, we do not allow funding, and in bad times, we make them substantially increase the funding of these pension plans. Now, if you are an employer, what sense does that make? Times are good, you have a little cash, and you would like to plus up the pension plan to make sure you have enough in there, but you cannot under the law. On the other hand, in a recession, when you are trying to desperately turn things around, trying to grow your businesses, my colleague, the gentleman from Wisconsin (Mr. RYAN), just explained we make more money to come out of operations and be put into pension reserving. Not because the plan is about to go under, but that is just what the formula says. Well, that is a dramatically screwed-up format, and it places a government disincentive on employers to continue pension plans. We have to fix that.

Unfortunately, what we have seen out of this administration, in my view, is only a focus on whether or not the reserving is enough relative to immediately liquid liabilities. Out of the Treasury Department come new formulas for increasing funding, making even more volatile the funding situation facing employers. Out of the Pension Benefit Guaranty Corporation, we have just seen a single focus. We need more funding because the plans are under water. Well, we have to keep this in perspective.

The Watson Wyatt Research Group has estimated that comparing assets to liabilities, the plans are on average 4 percent under water. Four percent. That is all. And that is measured based upon today's stock market evaluations. Now, if the administration has any confidence at all in its economic plans forecasting growth, forecasting rising stock values, that 4 percent is going to disappear in an instant. That is not a problem. So it is wrong to put this inordinate pressure on employers to increase funding for their liabilities now. It really forces them to do what so many have done, and that is freeze or cancel the plans.

Plans need certainty, and we only provide a little bit of certainty in the legislation before us; 2 years of continuing this interim fix. I wish it had been 5 years. I believe maybe even 7 years might have been appropriate. Two years, in my opinion, falls short of what will be required to give employers some relief. I am not at all sure, even if we pass this, that we are going to stop this trend of canceling the defined benefit plans. But certainly it is better than nothing, and I will be voting for it. It is far short of what we should have done.

More work lies ahead, and I would point to two areas, in particular, that are going to need some attention. The airline industry, in particular, has been battered by terrorism and battered by a recession in the economy. They have also been battered, unfortunately, by the statutory reserving requirements on the pension plans. We should be able to address their unique circumstance. This bill does not do that. I believe they need relief, and was proud to work with my colleague, the gentleman from Michigan (Mr. CAMP) on bipartisan legislation to get that done.

Other plans, in particular those protecting the retirement interests of older workers, those places of employment that have, on balance, an older-age mix in their place of employment are going to potentially be very heavily hit on pension reform. And without giving them some assurance, I believe we are going to see the freezing of plans accelerate in these industries. Those who most need the protection, those plans with older workers, will be most likely to have the benefits cut or frozen or discontinued all together. We really have not addressed that in this legislation. I believe this is absolutely the fault of the United States Treasury Department under this administration. We deserve more from them than we have received.

I also believe that the Pension Benefit Guaranty Corporation has only looked with a green eyeshade at whether or not plans are solvent. The preceding director of the Pension Benefit Guaranty Corporation, an individual from my hometown, understood that the PBGC has two missions; one was making certain that the plans were adequately funded, but the other was continuing defined benefit pension plans in the workforce. And that is why some balance is needed. That is why the existing administration needs to incorporate more balance in looking at these issues, so that we look at them over a long time frame and in a way that is compatible with continuing defined benefit pension plans, or even increasing the number in the workforce, because it is that important.

I thank, again, my colleagues for their responsible bipartisan work on this issue. Obviously, we have a lot more heavy lifting to do.

Mr. PORTMAN. Mr. Speaker, I yield myself such time as I may consume, and I want to thank my colleague. He ended up by saying that he appreciates the responsible bipartisan work that has been done in this area. I want to thank him and the gentleman from Maryland (Mr. CARDIN), who spoke earlier, and I also want to thank the gentleman from Texas (Mr. SAM JOHNSON), who we heard from a moment ago, and I want to thank the gentleman from Ohio (Mr. BOEHNER), who we will hear from in just a minute.

This has been a bipartisan effort from the start, and it is something we need to continue to focus on. We need to do two things: One, today we need to do this short-term fix. Second, we need to look more comprehensively at these issues. First, at all the funding issues and other PBGC issues, some of which were raised by the gentleman from North Dakota (Mr. POMEROY) and the gentleman from Maryland (Mr. CARDIN), the lump-sum issues, and that will be done in the next 2 years if we are to meet our commitment under the legislation we are passing today.

The second thing we need to do, though, is we need to look more comprehensively at retirement security generally, and that is what the Portman-Cardin legislation builds on, and, hopefully, we can continue to do that.

Mr. Speaker, I yield back the balance of my time.

Mr. CARDIN. Mr. Speaker, I reserve the balance of my time.

Mr. BOEHNER. Mr. Speaker, I yield such time as he may consume to the gentleman from Oklahoma (Mr. COLE).

Mr. COLE. Mr. Speaker, I rise today to support H.R. 3108, the Pension Funding Equity Act. This bipartisan, shorted-term fix is important so we can develop a long-term solution to the challenges faced by both employers and employees who participate in defined pension plans.

This interim solution is necessitated by an unusual combination of events: Record-low interest rates, although they are beginning to tick up; a stock market decline, although, frankly, that has now reversed itself and become a stock market rally; growth in the number of retirees; and discontinuation of the 30-year Treasury benchmark that previously provided the means used for determining funding liability.

Unless we make this temporary adjustment in H.R. 3108, employers will face demands on their capital that will lessen their ability to create jobs and invest in our future. Workers will have less certainty in terms of their own pensions, and that, in turn, may well affect consumer spending and affect this economic recovery.

H.R. 3108 provides the time necessary for the recovery generated by the Bush tax cuts, which is clearly underway, the continued generation of new jobs, and new increases in stock market values, which over time will ease some of the pension challenges that we face, and, frankly, ultimately provide a better environment in which to find a long-term bipartisan solution to this problem.

I urge my colleagues to support H.R. 3108. It is simply the right thing to do.

Mr. BOEHNER. Mr. Speaker, I am pleased to yield such time as she may consume to the gentlewoman from Tennessee (Mrs. BLACKBURN).

Mrs. BLACKBURN. Mr. Speaker, I would like to thank our chairman for his excellent work on this issue, and I do rise today to support H.R. 3108, the Pension Funding Equity Act.

We have talked about all the reasons that have caused this, the stock market fluctuations, the growing retiree population, interest rates, and that the plan is underfunded. Over the past year, we have heard from so many of our constituents about the concern of the condition of the Pension Benefit Guaranty Corporation and concern with its weakening and with the deficit of $5.7 billion. What we have got, basically is $80 billion in unfunded pension benefits among financially weak companies that are looming on the horizon, those pension benefits that may eventually come to the PBGC and be their responsibility.

This Pension Funding Equity Act creates a short-term replacement for the 30-year Treasury bond interest rate and allows us to work out a long-term bipartisan solution. I join my colleagues in urging all of our Members to support H.R. 3108 and support our constituents who are indeed very concerned about this issue.

Mr. BOEHNER. Mr. Speaker, I am prepared to close on our side.

Mr. CARDIN. Mr. Speaker, I yield back the balance of my time.

Mr. BOEHNER. Mr. Speaker, I yield myself the balance of my time.

Let me thank all my colleagues on both sides of the aisle for their work in moving this very important piece of legislation to help strengthen the Pension Benefit Guaranty Corporation and, more specifically, to help strengthen defined benefit plans. Making this change in the 30-year bond rate to a corporate bond index rate will, in fact, strengthen a lot of defined benefit plans, single-employer plans. Multiemployer plans use a different index.

There has been some discussion on the floor today about this fact that this is temporary, that it is only 2 years. Frankly, that is by design. Putting this in place we all know needs to happen because the current temporary fix is about to expire. It has been my intention, as the chairman of the Committee on Education and the Workforce, who shares jurisdiction with our friends on the Committee on Ways and Means, to continue our work on defined benefit pension plans, both single employer and multiemployer plans. There are long-term issues that have to be dealt with.

Congress, over the last number of years, has kind of shoved this off and shoved it off. Allowing for a 3-year fix or a 4-year fix, in my opinion, provides far too much time. It gets people unengaged in the process, when, in fact, we need to stay with this difficult process in order to come up with a longer term solution.

We have to walk a very fine line, as all of my colleagues know, in terms of getting the appropriate funding levels in many plans, securing the retirement security for millions of American workers, without unduly or unnecessarily pushing employers out of the defined benefit system. These are voluntary plans offered by employers to their employees. It is very critical, I believe, and others believe, that we find the right balance in terms of restructuring the regulatory system for how these plans operate and the contribution levels that need to be made.

While others want to make changes, and we have heard some of the suggestions made on the floor today, to fix the lump-sum problem, to fix the mortality-rate issue, all of these issues in defined benefit plans are interrelated. And as you begin to pull on that string, what we do not want to have happen, and what usually happens around here, is that the law of unintended consequences jumps up and bites us.

I know that our committee is going to take a very serious look at what needs to be done to improve the health of these plans, to ensure that the money is there to pay the benefits to American working families and to try to maintain some stability so that employers will continue to offer these plans. I suspect my colleagues on the Committee on Ways and Means will do the same. It is my plan, Mr. Speaker, to have a bill through the House next year. And I do believe that this 2-year temporary fix will, in fact, keep pressure on us to do the heavy lifting that needs to be done.

There have been calls for a commission to look at this. In all honesty, I do not know that we need a commission. What we need to do is the heavy lifting of legislating. And to legislate, we need to talk to people in the administration and in the real world about the kind of changes that need to be made in order to make sure that these systems, these defined benefit plans, are there for American working families and that they work properly and are funded properly.

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Mr. Speaker, I intend in our committee to do the work that is necessary, and I believe our colleagues on the Committee on Ways and Means will do likewise. I urge Members to support the bill.

Mr. MCKEON. Mr. Speaker, I rise today to urge my colleagues to support H.R. 3108, the Pension Funding Equity Act. Two years ago, the benchmark interest rate used to determine various pension calculations—the 30 year Treasury Bond rate—was discontinued, but some employers have continued to use it to fund their defined benefit pension plans.

The problem is that after the rate was discontinued, it reached historic lows and now no longer correlates with the rates on other long-term bonds, thereby artificially inflating its funding liability. This has justifiably left many employees concerned about the certainty and security of their defined benefit programs, which many Americans depend on for their retirement.

Last year, my colleagues and I passed a temporary fix by allowing employers to use a higher rate to calculate their pension liabilities, but because this fix expires at the end of 2003, employers, unions, and workers are once again concerned that defined benefit pension plans are going to be jeopardized.

Mr. Speaker, this is unacceptable. The lack of a long-term solution to the 30-year interest rate is putting worker and retiree benefits at risk. Taking no action now could jeopardize employers' willingness to continue their defined benefit programs that provide a stable and secure pension benefit to workers during retirement.

Mr. Speaker, H.R. 3108 is by no means a permanent solution but it will provide a short-term replacement to ensure certainty and security for workers and employers while committing Congress to immediately proceed with efforts to identify a permanent long-term solution. I encourage my colleagues to join me in supporting this common sense legislation and voting in favor of the Pension Funding Equity Act.

Mr. CASTLE. Mr. Speaker, during House consideration of H.R. 3108 I was in Iraq visiting U.S. troops and touring U.S. reconstruction efforts. Had I been here, I would have supported passage of H.R. 3108, the Pension Funding Equity Act of 2003.

I support H.R. 3108 as a temporary response to a pressing issue that ultimately affects the retirement benefits of millions of American workers, their families, and beneficiaries. Today the House will protect the benefits of those workers who have a pension benefit under our defined benefit system.

The Pension Funding Equity Act would replace the current standards that employers must use to determine their pension liabilities—the 30-year Treasury bond interest rate—with a corporate bond index rate for 2 years through December 31, 2005. The 30-year Treasury bond interest rate is set to expire this year, jeopardizing pension funds across the country. The bill gives the Treasury Department the flexibility to establish the discount interest rate based on a blend of corporate bond index rates. This change will provide employers with greater certainty and short-term funding relief and strengthen defined benefit pension plans workers in the short term while Congress takes a broader look at the defined benefit system as a whole and the issues that affect the retirement security of American workers. As we progress down the road of defining the long-term answer, the bottom line must be to enable businesses to fill their pension funds, and, more importantly, that they are fully funding them.

As a Member of the House Committee on Education and the Workforce, as well as the House Committee on Financial Services, I have participated in hearings that highlight the plight of American workers, beyond defined benefit plans, who have suffered from a lack of retirement security. It has also become all too clear that addressing this issue is an extremely delicate and difficult task.

It is imperative that this Congress work overtime to ensure today's workforce retire with the benefits they have spent their adult life building. I am committed to asking the difficult questions and pressing for the sometimes controversial answers. We are all aware of Enron and World Com, but we must look beyond these most recent crises. We must look at past documented instances of corporations using innovative ways to rob pension assets. For example, some have projected unrealistically high rates of returns to claim that the plan is overfunded, declare bankruptcy but set up a special bankruptcy-proof pension plan for top executives, and define employees as independent contractors. In asking these tough questions we will be able to give business the tools they need to create fair funds, absent any deceit. For the sake of the millions of workers who rely on the security of their retirement we must be tough on fiscal trickery and strong on pension protection.

Mr. BOEHNER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LATHAM). All time for debate has expired.

Pursuant to the order of the House of Tuesday, October 7, 2003, the previous question is ordered on the bill, as amended.

The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BOEHNER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. CULBERSON). Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Record votes on postponed questions will be taken later today.

ADOPTION PROMOTION ACT OF 2003

Mr. CAMP. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3182) to reauthorize the adoption incentive payments program under part E of title IV of the Social Security Act, and for other purposes.

The Clerk read as follows:

H.R. 3182

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Adoption Promotion Act of 2003''.

SEC. 2. FINDINGS.

The Congress finds the following:

(1) In 1997, the Congress passed the Adoption and Safe Families Act of 1997 to promote comprehensive child welfare reform to ensure that consideration of children's safety is paramount in child welfare decisions, and to provide a greater sense of urgency to find every child a safe, permanent home.

(2) The Adoption and Safe Families Act of 1997 also created the Adoption Incentives program, which authorizes incentive payments to States to promote adoptions, with additional incentives provided for the adoption of foster children with special needs.

(3) Since 1997, all States, the District of Columbia, and Puerto Rico have qualified for incentive payments for their work in promoting adoption of foster children.

(4) Between 1997 and 2002, adoptions increased by 64 percent, and adoptions of children with special needs increased by 63 percent; however, 542,000 children remain in foster care, and 126,000 are eligible for adoption.

(5) Although substantial progress has been made to promote adoptions, attention should be focused on promoting adoption of older children. Recent data suggest that half of the children waiting to be adopted are age 9 or older.

SEC. 3. REAUTHORIZATION OF ADOPTION INCENTIVE PAYMENTS PROGRAM.

(a) IN GENERAL.—Section 473A of the Social Security Act (42 U.S.C. 673b) is amended—

(1) in subsection (b)—

(A) by striking paragraph (2) and inserting the following:

''(2)(A) the number of foster child adoptions in the State during the fiscal year exceeds the base number of foster child adoptions for the State for the fiscal year; or

''(B) the number of older child adoptions in the State during the fiscal year exceeds the base number of older child adoptions for the State for the fiscal year;''.

(B) in paragraph (4), by striking ''and 2002'' and inserting ''through 2007''; and

(C) in paragraph (5), by striking ''2002'' and inserting ''2007'';

(2) in subsection (c), by striking paragraph (2) and inserting the following:

''(2) DETERMINATION OF NUMBERS OF ADOPTIONS BASED ON AFCARS DATA.—The Secretary shall determine the numbers of foster child adoptions, of special needs adoptions that are not older child adoptions, and of older child adoptions in a State during each of fiscal years 2002 through 2007, for purposes of this section, on the basis of data meeting the requirements of the system established pursuant to section 479, as reported by the State and approved by the Secretary by August 1 of the succeeding fiscal year.'';

(3) in subsection (d)(1)—

(A) in subparagraph (A), by striking ''and'';

(B) in subparagraph (B)—

(i) by inserting ''that are not older child adoptions'' after ''adoptions'' each place it appears; and

(ii) by striking the period and inserting ''; and''; and

(C) by adding at the end the following:

''(C) $4,000, multiplied by the amount (if any) by which the number of older child adoptions in the State during the fiscal year exceeds the base number of older child adoptions for the State for the fiscal year.'';

(4) in subsection (g)—

(A) in paragraph (3), by striking subparagraphs (A) and (B) and inserting the following:

''(A) with respect to fiscal year 2003, the number of foster child adoptions in the State in fiscal year 2002; and

''(B) with respect to any subsequent fiscal year, the number of foster child adoptions in the State in the fiscal year for which the number is the greatest in the period that begins with fiscal year 2002 and ends with the fiscal year preceding that subsequent fiscal year.'';

(B) in paragraph (4)—

(i) in the paragraph heading, by inserting ''THAT ARE NOT OLDER CHILD ADOPTIONS'' after ''ADOPTIONS''; and

(ii) by striking subparagraphs (A) and (B) and inserting the following:

''(A) with respect to fiscal year 2003, the number of special needs adoptions that are not older child adoptions in the State in fiscal year 2002; and

''(B) with respect to any subsequent fiscal year, the number of special needs adoptions that are not older child adoptions in the State in the fiscal year for which the number is the greatest in the period that begins with fiscal year 2002 and ends with the fiscal year preceding that subsequent fiscal year.''; and

(C) by adding at the end the following: